

AUG 15 2002

Jessie C. Wunderlich
REGULATIONS COMPILER

NOTICE OF INTENT TO
PROMULGATE ADMINISTRATIVE REGULATION

Date: August 14, 2002

Kentucky Public Service Commission

- (1) **Regulation Number and Title:** 807 KAR 5:066. Water.
- (2) The Kentucky Public Service Commission intends to amend the administrative regulation governing the subject matter cited above.
- (3) A public hearing to receive oral and written comments on the proposed administrative regulation has been scheduled for September 23, 2002, at 1:30 p.m., Eastern Daylight Time, in Hearing Room 1, 211 Sower Boulevard, Frankfort, Kentucky.
- (4) (a) The public hearing will be held if:
 1. It is requested, in writing, by at least 5 persons, or an administrative body, or an association having at least 5 members; and
 2. A minimum of 5 persons, or the administrative body or association, agrees, in writing, to be present at the public hearing.
- (b) If a request for a public hearing, and agreement to attend the public hearing, are not received from the required number of people at least 10 calendar days prior to September 23, 2002, the public hearing will be cancelled.
- (5) (a) Persons wishing to request a public hearing should mail their written requests to the following address: Gerald Wuetcher, Assistant General Counsel, Kentucky Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky, 40602; telephone (502) 564-3940; facsimile (502) 564-7279.
- (b) On a request for a public hearing, a person shall state:
 1. "I agree to attend the public hearing."; or
 2. "I will not attend the public hearing."
- (6) (a) KRS Chapter 13A provides that persons who desire to be informed of the intent of an administrative body to promulgate an administrative regulation governing a specific subject matter may file a request to be informed by the administrative body.
- (b) Persons who wish to file this request may obtain a request form from the Kentucky Public Service Commission at the address listed above.
- (7) Information relating to the proposed administrative regulation:
 - (a) The statutory authority for the promulgation of an administrative regulation relating to this subject is as follows: KRS 278.040(3) provides that the Commission may promulgate, pursuant to KRS Chapter 13A, reasonable regulations to implement the provisions of KRS Chapter 278. KRS 278.040(2) grants the Commission exclusive jurisdiction over utility rates and services. KRS 278.012 states that water associations are subject to the Commission's jurisdiction. KRS 278.015 expressly subjects water districts to Commission jurisdiction. KRS 278.030 requires every utility

to furnish adequate, efficient and reasonable service. KRS 278.280(2) authorizes the Commission to prescribe rules for the performance of any service or the furnishing of any commodity of the character furnished or supplied by the utility. KRS 278.280(3) authorizes the Commission, upon petition of any person or group of persons, to compel a utility to make any reasonable extension of service.

(b) The proposed amendment will modify the provisions of the existing administrative regulation that deal with extensions of water service and will generally amend the existing administrative regulation to conform with the existing provisions of KRS Chapter 13A.

(c) The Necessity and Function of the proposed administrative regulation is as follows: The proposed amendment is necessary to avoid discouraging applicants for water service from self-financing water main extensions and to establish uniform rules for same. In establishing uniform rules for a utility's acquisition of customer-constructed facilities, the proposed amendment will reduce transaction costs and construction delays. Eliminating the requirement that a water utility refund the cost of extensions to a developer will ensure that those responsible for the cost of construction will be those who will actually pay for it.

(d) The proposed amendment will establish uniform rules for the acquisition and acceptance of customer-constructed facilities and for the allocation of costs for the upsizing of water mains and construction of related facilities. It also will eliminate the requirement that a water utility refund the cost of water main extensions within a real estate subdivision development, thereby encouraging more economical land use development and enabling a water utility to better control and manage its finances and plan for future development.

(e) The administrative regulation will be implemented and enforced as soon as it becomes effective.